



BEFORE THE STATE BOARD OF EQUALIZATION  
OF THE STATE OF CALIFORNIA

In the Matter of the Appeal of  
TITLE GUARANTY COMPANY OF SOLANO COUNTY

Appearances:

For Appellant: Charles H. Petersen, Certified Public Accountant.

For Respondent: W. M. Walsh, Assistant Franchise Tax Commissioner; James J. Arditto, Franchise Tax Counsel.

O P I N I O N

This appeal is made pursuant to Section 25 of the Bank and Corporation Franchise Tax Act (Chapter 13, Statutes of 1929, as amended) from the action of the Franchise Tax Commissioner in overruling the protest of Title Guaranty Company of Solano County to a proposed assessment of additional tax in the amount of \$2.34 for the taxable year ended December 31, 1939.

During 1938 Appellant received \$980 as dividends from Solano County Title Company, a corporation whose business was carried on wholly within this State and 33-1/3% of whose preferred stock and 7% of whose common stock were owned by Appellant. The income of that Company consisted solely of income arising from its business such as fees for title reports, and dividends received by it by virtue of its ownership of all Appellant's capital stock. Appellant deducted the entire amount of the dividends from its gross income, but the Commissioner determined that the dividends were deductible only to the extent of 94.0265% thereof on the theory that only that portion of the income of the Solano County Title Company had been included in the measure of the tax on that corporation.

The issue presented herein is identical with that involved in the Appeal of Solano County Title Company, this day decided by us. For the reasons set forth in our opinion in that Appeal, we conclude that the action of the Commissioner in refusing to allow the deduction of the entire amount of the dividends was incorrect.

## ORDER

Pursuant to the views expressed in the opinion of the Board on file in this proceeding, and good cause appearing therefor,

Appeal of Title Guaranty Company of Solano County

IT IS HEREBY ORDERED, ADJUDGED AND DECREED that the action of Chas. J. McColgan, Franchise Tax Commissioner, in overruling the protest of Title Guaranty Company of Solano County to a proposed assessment of additional tax in the amount of \$2.34 for the taxable year ended December 31, 1939, pursuant to Chapter 13, Statutes of 1929, as amended, be and the same is hereby reversed. Such action is hereby set aside and the Commissioner is hereby directed to proceed in conformity with this order.

Done at Sacramento, California, this 11th day of May, 1944,  
by the State Board of Equalization.

R. E. Collins, Chairman  
Wm. G. Bonelli, Member  
Harry B. Riley, Member  
George R. Reilly, Member  
J. H. Quinn, Member

ATTEST: Dixwell L. Pierce, Secretary